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Weekly Contributions  
Latin America Division, ORR, CIA  
11 October 1949

Of the developments reported on this week, D/LA believes that the mounting political tension in Colombia is of particular concern.

CURRENT DEVELOPMENTS

GENERAL: Current difficulties between Costa Rica and Nicaragua probably will not be taken before the OAS (p. 2). Ill will has increased recently between antagonistic countries in the Caribbean (p. 2).

CENTRAL BRANCH: In Colombia, the political situation will be potentially explosive at least until the November election (p. 2). In Brazil, prospects appear favorable for increased shipments of manganese ore to the US (p. 3). Reports from Ecuador predicting revolution soon cannot be given credence as stronger evidence indicates improving prospects for stability (p. 4).

SOUTHERN BRANCH: The Bolivian Government is endangered by dissidence among its nominal supporters (p. 4).

SPECIAL SUBJECTS

The Current Situation in El Salvador . . . . . 6

DOCUMENT NO. 2  
NO CHANGE IN CLASS. ☐  
☒ DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: HR 70-2  
DATE 10-25-79 REVIEWER: 372044

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(CIA Working Paper)

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1. GENERAL: Current difficulties between Costa Rica and Nicaragua  
will probably not result in the use of inter-American machinery for pacific settlement of disputes. It is true that Costa Rica has requested the Council of OAS to set up a commission of investigation and conciliation to inquire into the situation existing between the two countries, as provided in the Pact of Bogotá by which both countries are bound according to their Treaty of Friendship of 21 February 1949. There seems, however, some doubt in the minds of certain members of the Council that they can take action under the Pact when so few of the American nations have ratified the instrument. Further, the present dispute between Costa Rica and Nicaragua does not seem to be of a very serious nature, and the Council's decision to postpone further discussion of the matter leaves additional time during which other countries may be expected to urge the two disputants to settle their differences by direct negotiations.

2. Central American Tensions

Recent reports of revolutionary movements, although unsubstantiated, have noticeably augmented international ill will, and may be used by all factions to justify further military preparations.

Apparently giving credence to recent reports that revolutionists were preparing to invade Nicaragua from Costa Rica, or were proceeding from Guatemala by barge, General Somoza temporarily alerted his forces. Costa Rica, denying allegations that revolutionists were concentrated on its soil, immediately stated its suspicion that Somoza's "defensive" preparations were, in reality, preparations to invade Costa Rica. However, the belief is also prevalent that Somoza has exaggerated his fear of invasion in order to distract attention from his plans to help exiled Guatemalan Conservatives who wish to overthrow President Arévalo.

D/LA estimates that (1) although plans probably exist for an eventual invasion of Nicaragua, no immediate invasion is to be expected, and (2) invasion rumors will continue to be used, both by governments and revolutionists, to promote, justify, or conceal their immediate objectives.

3. COLOMBIA: Political Situation More Explosive

The current tense political situation in Colombia is due largely to bitterness engendered by pre-election maneuvers of the two major parties, both of whom are fully exploiting their position in the government -- the Liberals with their legislative majority, the Conservatives with their control of the executive branch. Although the Liberals won a clear majority in Colombia's elections of last June, the Conservative Party showed an unexpected gain in strength, which has caused the Liberals considerable apprehension as to the outcome of the presidential election (originally scheduled for June 1950, now set for 27 November 1949). Liberals now fear that the tide may well be running in favor of the Conservatives.

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The Liberals, uncertain about chances for success under normal conditions, have made several attempts to use their current legislative majorities to strengthen their position. First, the election date was changed from June 1950 to 27 November 1949. Second, the Liberal majority in Congress is now sponsoring a bill which would permit voters to cast their ballots anywhere in the republic regardless of domicile, thereby facilitating the use of fraudulent registration certificates. Third, another Liberal-sponsored bill transfers control of the police from the Minister of Government to a junta composed of two Liberals and one Conservative. The police in Colombia have never been characterized by a high degree of professionalism, and, during the past ten years particularly, political patronage has made them pro-Liberal --- a condition which apparently has not been remedied by the recent nationalization law.

Conservative Party attempts to enhance their appeal consisted at first of concrete acts to demonstrate their fidelity to the anti-Communist and anti-OTC position (see L/LA Weekly, 13 Sep 49) which had apparently been the basis for their successful campaign last spring. When it became clear that the Liberal majorities in congress gave them power to change the actual conditions under which the election would take place, the Conservatives began to use their dominance of the executive branch for a similar purpose. An apolitical army officer was replaced as Minister of Government by a Conservative extremist who in turn appointed strong Conservative Party members as governors in four departments dominated by Liberals and in two departments in which Conservatives and Liberals were nearly equal in strength. An order was issued calling up 10,000 army reserves ~~25% of~~ the present strength of the armed forces). Finally, [REDACTED] the Conservative administration has prepared a decree for a state of siege for immediate use if the opportune moment should arrive.

It is true that responsible leaders in both parties are sincere in their desire to arrive at a peaceful solution of present difficulties, and that the apolitical army will endeavor to maintain peace. Each party has its extremists, however, and political clashes are occurring almost daily. Thus, under present conditions, even if the Conservative administration does not resort to the state of siege, the political situation will continue to be tense and potentially explosive at least until the election on 27 November.

4. BRAZIL: Prospects appear favorable for increased shipments of manganese ore from Brazil, the largest source of manganese in the Western Hemisphere. Shipments of this strategic mineral to the US have dropped off considerably in recent months and are now averaging less than 10,000 tons per month. (The US Interdepartmental Manganese Coordination Committee had tentatively estimated imports

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from Brazil at 200,000 tons for 1949.) During World War II the high level of shipments of this ore (peak: 387,000 tons for 1941) was due primarily to the fact that the government gave such shipments priority over the government-owned railroads serving the ore ports. Every effort to restore the priority system used during the war is to be made to increase the movement of manganese ores according to a recent statement made by officials of the Brazilian Foreign Ministry to a member of the US Embassy in Rio. If this priority is reestablished, as appears likely to happen during the next 30 days, shipments of manganese ores from Brazil could be increased almost immediately to at least 15,000-18,000 tons monthly.

5. ECUADOR: Field reports predict widespread revolution, starting with an outbreak in Guayaquil 7-12 October. These reports state that army units stationed in Quito and the mechanized group near Guayaquil are party to the plot. The vast majority of reports received by D/LA since the earthquake indicate a constant improvement of the government's stability prospects as well as a growing support among army personnel for President Plaza. In the light of the preponderance of evidence pointing in this direction, D/LA estimates that it is unlikely that serious trouble will break out in the immediate future.

6. BOLIVIA: Government endangered by Lack of Unity of Democratic Forces  
The Urriolagoitia government, which suppressed a rightist MRR revolt in September, is now weakened by the failure of the democratic forces of the country to give it unified support. This shortsighted attitude on the part of democratic groups, plus increasing economic dislocation and popular discontent, is creating a situation that could very well facilitate the MRR's next revolutionary attempt, reportedly scheduled for late 1949.

Previous attempts to broaden the parliamentary base of the government have been frustrated by the intransigence of the minority Liberal and Social Democratic parties; Urriolagoitia's present effort to form a "democratic front" is meeting the resistance of his own party, (the PUSC) which feels that the majority it won in the May elections entitles it to exclusive control of the government. The PUSC also opposes the acting President's economic proposals so violently that it would like to remove him from office and replace him with Baldo Belmonte Pool, a former foreign minister. It prefers Pool even to Hertzog, whose resignation as President has not been confirmed. As the army favors Urriolagoitia, it would probably oppose the naming of Pool, thus creating additional division among the forces that nominally support the regime.

Economic losses caused by the September revolt and the lowering of tin prices, which was an indirect result of the devaluation of the pound, are setting into motion a series of economic

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changes which Bolivia could meet only by the action of a politically united government.

D/LA estimates, therefore, that the present regime will find it increasingly difficult to meet the triple threat of internal division, strong opposition groups, and unfavorable economic conditions.

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### The Current Situation in El Salvador

(Summary -- The government of the revolutionary junta headed by Major Osorio remains stable and continues its middle-of-the-road policies. Constitutional government based on free elections is still far off. The economic situation, already good, has become even better. There has been no substantial change in the military situation; the army remains loyal and satisfied with Osorio's leadership. The sum total of Communist influence in national affairs remains slight. In international affairs, the government continues to follow a moderate policy.

-- Current trends offer no threat to security interests in the Americas.)

#### Political

The government of the revolutionary junta headed by Major Osorio remains stable and continues its middle-of-the-road policies. It has made known two aristocratic and inept Conservative plots to overthrow the government through bribery of army officers. No action was taken against the instigators of the first plot, as the government did not wish further to antagonize the important families concerned, or to consolidate the Conservative opposition. In the second case, a number of army non-coms were arrested and jailed, as well as five former officers, but punishment is being delayed until they can be tried. Although no leftist plots to seize the government by force have been discovered, the government has taken positive action against various leftists and leftist groups (see Subversive).

Political jockeying by various groups continues. Although a tentative draft constitution, nationalistic and liberal in tone, has now been published, the Osorio-dominated junta has indicated that the draft must meet with its unofficial approval before it is submitted to a constituent assembly (yet to be elected) for approval. In preparation for the election of delegates to this assembly (and for the ultimate presidential election) permanent political parties have been organized. All profess moderate liberalism. Leftist students and union leaders have coordinated their activities through the organization of the PUS (Partido Revolucionario de Unificación Democrática), but have tempered their radicalism in hopes of obtaining financial support from moderately liberal businessmen. The majority of army officers are supporting the PUS (Partido Revolucionario Salvadoreño) which works for the presidential candidacy of Major Osorio. Osorio's personal views, however, tend to be anti-labor and far more conservative than those voiced,

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for political reasons, by the PRS. A third moderately liberal group, the PAK (Partido de Acción Renovadora) is of less potential significance. Extremist parties are technically non-existent: the Communist Party is prohibited by law, and some Communist leaders have been exiled; on the other hand, Colonel Osmin Aguirre and other former reactionary leaders are either in confinement, in exile, or in retirement.

D/LA believes that the personal dominance and the conservative tendencies of Major Osorio and his backers will become more apparent during the coming months, but that no fundamental change in the political situation will take place. US security interests will not be affected.

#### Economic

The economic situation of El Salvador has become even better. The coffee market remains strong and the outlook for the coming crop is favorable. This year's corn harvest will exceed domestic needs. The nation's gold and foreign exchange reserves continue high. Customs receipts and other tax collections are running higher than last year; foreign trade has increased and the government income is now expected to exceed the original budget estimate of \$20.2 million by at least \$1.2 million. Moreover, the sterling debt has been reduced by almost \$1 million as a result of sterling devaluation.

#### Military

There has been no substantial change in the military situation. The armed forces remain loyal to the government, and the government continues to implement its plans to improve the services. A few training planes have been acquired for the air force. The General Staff has been reorganized. The government has requested that two more officers be assigned to the US military mission in order to establish a school of application for junior officers. The Ministry of Defense has received a supplementary appropriation of \$80,000, which will be used to increase the strength of the National Guard by 500 men---an increase stated to be necessary to control "illegal immigration" on the Guatemalan-Salvadoran frontier, but which is possibly an anti-Communist measure.

D/LA believes that there will be no substantial change in the military situation in coming months.

#### Subversive

Communist influence in national affairs remains slight. The government's anti-Communist policy has restricted the activities of Communists, although they have gained influence within the Railway Workers' Union. In recent months, a number of labor agitators have been arrested and exiled, including leaders of the Comité de Reorganización Obrera whom the

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government suspected of planning a general strike. The government has also shown its anti-Communist policy by issuing a special order prohibiting Salvadoran participation in the Mexico City Peace Congress, and by denying a charter to the Construction Workers' Union because of its failure to revise its leftist constitution and to sever its connections with the CRO. Communists have gained influence, however, among the railway workers, who constitute the country's most important labor union, and have succeeded in ousting the three top officers who represented the moderate majority faction on the grounds that they attended the CIT (Confederacion Internacional de Trabajadores) conference in Havana "without due authorization". By providing a legal political party within which Communists are free to work, the formation of the PRUD represents a potential gain for the Communists.

D/LA believes that any major increase in Communist influence during the coming months will be counteracted by more repressive measures on the part of the government. US security interests will not be affected.

#### International

In international affairs, the Salvadoran Government continues to follow a moderate policy. It continues to cooperate wherever possible with the US and to fulfill its international obligations. Minor difficulties have occurred with each of its neighbors, arising from a boundary dispute with Honduras, the alleged connivance of the Nicaraguan ambassador with the conservative Salvadoran plotters, and the activities of Guatemalan leftist labor agitators in Guatemala. Although remaining neutral in the rivalry between "democratic" Guatemala and the "dictatorship" of Nicaragua, Major Osorio has clearly indicated that he considered Guatemalan "Communism" as a real danger to the security of El Salvador and would, if necessary, call upon Nicaragua for aid.

D/LA foresees no change in the foreign policy of El Salvador in the coming months.

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